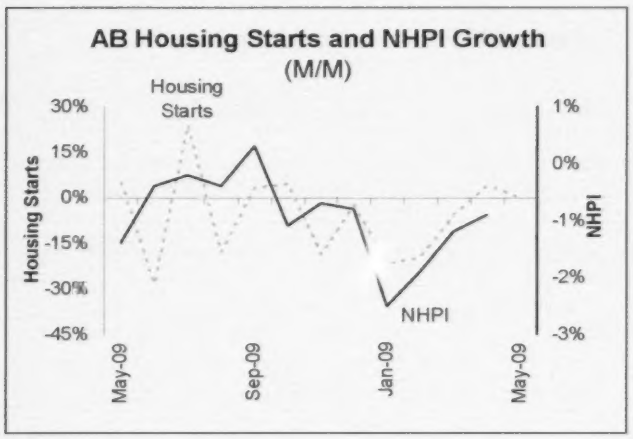
Alberta's Housing Sector

Prices moderating…

The pace of decline in Alberta's New Housing Price Index (NHPI) continued to slow in April, with a 0.9% fall from March. This is the third consecutive month in which the month-over-month decrease in Alberta's housing prices has slowed. However, new housing prices were still down 10.7% compared to April 2008. The month-over-month decline was shared equally by both Calgary (-0.8%) and Edmonton (-0.9%). New housing prices also fell nationally, by 0.6% from March, and by 3.0% year-over-year.



Housing starts continue to stabilize…

Contractors in Alberta began construction on 12,400 (seasonally adjusted) new homes in May, exactly the same number as in April. Compared to May 2008, the province saw a 61.3% decline in housing starts. Year-over-year decreases were seen in both of the province's major centres, with Calgary (-67.7%) reporting a greater drop than Edmonton (-41.0%).

In contrast, Canadian housing starts were better than expected in May, increasing by 9.2% month-over-month. The largest gains were seen in Saskatchewan (69.0%), Prince Edward Island (60.0%), and Ontario (20.7%). Year-over-year, housing starts in Canada fell by 42.4%.

↓	**Canadian Dollar (US¢/CS)**	
	June 12, 2009	89.47
	June 05, 2009	89.72
	2009-10 YTD	85.74
↑	**WTI Oil US$/bbl**	
	June 11, 2009	$ 72.68
	June 04, 2009	$ 68.81
	2009-10 YTD	$ 57.12
↑	**Nymex Natural Gas C$/MMBtu** *	
	Near-month Contract	
	June 12, 2009	$ 4.30
	June 05, 2009	$ 4.16

* Estimate based on Nymex Futures Market Price

Capacity Utilization

Utilization falls, but oil and gas bucks the trend…

Canadian industrial capacity utilization continued to fall in the first quarter of 2009, down 5.6% from Q4 2008 to 69.3% of production capacity. However, capacity utilization in the oil and gas extraction sector rose by 1.7% to 78.6%, reversing a previous-quarter decline.

Merchandise Trade Balance

Canadian exports continue to fall…

Merchandise exports in Canada declined by 5.1% to $30.8 billion in April, due to both falling prices (-3.2%) and export volumes (-1.9%). Declines were seen in many major industries, with exports of energy products falling 8.7% to $6.1 billion. Imports also declined, by 1.5% to $31.0 billion.

U.S. Economy

Good news, weak US dollar drive up oil prices…

Retail sales in the United States grew slightly in May, up 0.5% from the previous month. A 3.6% rise in gasoline sales was the primary cause of the increase. The Reuters/University of Michigan Consumer Sentiment Index rose as well, to a nine-month high. Also, initial jobless claims slowed to 601,000 this week, compared 625,000 last week, another sign that the worst of the recession may be over. The positive economic news, as well as continued weakness in the U.S. dollar, contributed to a jump in oil prices, which rose to US$72.68.

Alberta

CURRENT ECONOMIC INDICATORS

June 12, 2009

Overall Economy	2007	2008	2009YTD*	Dec	Jan	Feb	Mar	Apr	May
Real GDP (in 2002 $billions)	187.5	187.0	--	--	--	--	--	--	--
% change	3.1	-0.2	--	--	--	--	--	--	--
Nominal GDP ($ billions)	258.9	291.7	--	--	--	--	--	--	--
% change	8.1	12.6	--	--	--	--	--	--	--
Population[1] (000's) (level)	3,511	3,585	3,632	--	3,632	--	--	--	--
% change	2.6	2.1	2.4	--	2.6	--	--	--	--
Net Interprovincial Migraton[1] (level)	33,809	10,010	11,125	--	6,198	--	--	--	--
Net International Migration[1] (level)	16,136	19,283	9,004	--	4,097	--	--	--	--
Net Non-permanent Residents[1] (level)	13,539	17,890	12,931	--	4,870	--	--	--	--
Labour Market									
Employment (000's)	1,959	2,013	1,982	2,023	2,026	2,002	1,987	1,993	1,993
% change	4.7	2.8	-0.3	1.5	1.2	0.2	-1.0	-0.9	-1.1
Unemployment Rate (%)	3.5	3.6	6.1	4.2	4.4	5.4	5.8	6.0	6.6
Average Hourly Wage Rate	6.0	5.7	4.7	4.1	6.2	4.5	3.6	4.3	5.0
Average Weekly Earnings[2]	5.8	6.0	6.0	6.3	7.0	5.4	5.6	--	--
Labour Income[3]	11.3	8.4	3.6	6.8	4.5	3.6	2.7	--	--
Price Indices									
Consumer Price Index	5.0	3.1	0.9	1.9	1.2	2.1	0.9	-0.7	--
Excluding food and energy	4.9	1.9	1.5	1.7	1.5	2.0	1.4	1.1	--
Non-Res. Const. Cost Index[4] (quarterly)	17.3	13.2	-1.0	8.8 (Q4)	--	--	-1.0(Q1)	--	--
Farm Product Price Index	14.3	11.1	-7.1	-4.7	-6.2	-7.9	--	--	--
Crops	41.4	26.3	-24.3	-20.7	-22.8	-25.7	--	--	--
Livestock	0.7	2.1	13.0	13.5	13.7	12.4	--	--	--
Household Sector									
Housing Starts (SAAR, 000's) NEW	48.1	29.0	13	20.0	15.7	12.6	11.9	12.4	12.4
% change	-2.1	-39.7	-64.5	-48.3	-53.0	-59.4	-75.1	4.2	-61.3
New Housing Price Index	22.5	0.7	-9.8	-6.1	-8.4	-9.6	-10.5	-10.7	--
Edmonton NEW	32.1	1.0	-11.8	-8.2	-10.4	-12.2	-12.3	-12.5	--
Calgary	16.2	0.6	-7.8	-4.3	-6.5	-7.1	-8.7	-8.8	--
MLS Average Resale Prices	24.3	-1.4	-9.1	-7.4	-10.0	-9.2	-10.4	-6.8	--
Edmonton	34.3	-2.0	-7.7	-5.7	-4.5	-8.7	-10.1	-7.4	--
Calgary	18.7	-2.9	-10.9	-9.4	-11.4	-10.8	-11.3	-10.1	--
Retail Sales	9.3	-0.1	-11.3	-7.7	-6.4	-13.4	-13.8	--	--
New Motor Vehicle Sales	3.3	-7.3	-30.1	-23.6	-22.5	-35.4	-31.9	--	--
Business Sector									
Public and Private Investment[5]	9.1	3.6	-14.0	--	--	--	--	--	--
Mining and oil and gas[5]	0.3	-1.4	-28.2	--	--	--	--	--	--
Rigs Drilling	-35.2	-2.1	-43.8	-10.2	-24.4	-43.9	-60.8	-42.0	--
Goods Exports (customs based)	5.3	33.2	-28.7	-7.9	-27.3	-30.2	--	--	--
Energy	4.4	40.9	-33.2	-7.9	-31.5	-35.1	--	--	--
Agriculture	9.8	28.6	0.0	16.8	-3.4	3.6	--	--	--
Total Farm Cash Receipts (quarterly)	11.9	15.2	--	8.5 (Q4)	--	--	--	--	--
Manufacturing Shipments	1.9	6.9	-13.9	-8.2	-13.4	-14.6	-13.8	--	--
Wholesale Trade	5.0	10.9	-2.1	13.6	4.5	-6.1	-4.2	--	--
Building Permits	13.4	-16.5	-48.6	-29.1	-52.5	-67.5	-29.8	-41.4	--
Residential	10.7	-31.5	-55.0	-37.2	-67.0	-72.5	30.5	-44.0	--
Non-residential	17.1	3.7	-42.1	-21.4	-40.2	-62.9	-19.2	-38.7	--

Government of Alberta
Finance and Enterprise

* YTD – year-to-date represents the change since the beginning of the year compared to the same period in the previous year.

[1] Quarterly; annual numbers are presented on a census year basis (July 1 - June 30). The January population estimate is also the 2009 year-to-date value.

[2] The average weekly earnings series was extensively revised on March 31, 2009 and is no longer comparable with numbers in previous Bulletins

[3] Total income earning in Alberta including wages and salaries, and supplementary income.

[4] Average of Calgary and Edmonton.

[5] 2009 based on initial investment intentions, 2008 preliminary actuals, and 2007 actuals

Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association) and Rigs Drilling (Canadian Association of Oilwell Drilling Contractors).

Alberta

CURRENT ECONOMIC INDICATORS, BY PROVINCE

	Canada	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
Conference Board Forecast (Spring 2009)											
Real GDP Growth											
2008 (actuals, Statistics Canada)	***0.5%***	-0.1%	0.9%	2.0%	-0.0%	1.0%	-0.4%	2.4%	4.4%	**-0.2%**	-0.3%
2009	***-1.7%***	-5.0%	-0.2%	0.4%	5.0%	-0.9%	-24.0%	1.0%	0.2%	**-2.4%**	-1.8%
2010	***2.5%***	1.0%	1.7%	1.5%	2.2%	1.8%	2.5%	2.4%	3.2%	**2.9%**	3.3%
Population (As of January 1, 2009)											
Population	**33,504,680**	508,990	140,402	939,531	748,319	7,782,561	12,986,857	1,213,815	1,023,810	**3,632,483**	4,419,974
Annual Growth Rate[a]	***1.21%***	0.24%	1.25%	0.25%	0.23%	0.86%	1.05%	1.11%	1.50%	**2.58%**	1.70%
Net Interprovincial Migration											
2008 Census Year (July 1, 2007 to June 30, 2008)		1,299	42	-117	-325	-12,399	-16,522	-503	8,067	**10,010**	11,458
4th Quarter (October 1, 2008 to December 31, 2008)		292	-503	108	264	-2,139	-6,517	249	949	**6,198**	1,453
Employment											
Level Change (000s)[b]	**-337.5**	-13.2	-2.3	2.8	1.7	-14.7	-244.5	2.9	12.6	**-21.8**	-60.8
Percent Change[b]	***-2.0%***	-5.8%	-3.1%	0.6%	0.5%	-0.4%	-3.6%	0.5%	2.4%	**-1.1%**	-2.6%
Unemployment Rate, 2009 avg (SA)	**7.9**	14.8	12.2	8.9	8.9	8.2	8.7	4.8	4.7	**5.6**	7.0
Participation Rate, 2009 avg (SA)	***67.4***	58.9	67.6	64.5	64.7	65.4	67.5	69.3	70.5	**74.6**	65.9
Average Weekly Earnings											
March 2009	**824.98**	807.59	694.51	735.96	743.76	756.83	851.89	773.47	801.99	**971.07**	802.27
Y/Y Percent Increase[c]	**2.7%**	6.4%	6.3%	4.8%	3.5%	0.8%	2.6%	4.2%	3.1%	**5.6%**	2.0%
2009 Wage Settlements										**1.5%**	
CPI Inflation											
April Annual	**0.4%**	0.4%	-0.3%	-0.4%	-0.3%	0.3%	0.6%	0.9%	0.6%	**-0.7%**	0.3%
Excluding Shelter	**0.4%**	0.3%	1.2%	-0.4%	-0.3%	0.1%	0.5%	0.0%	-0.3%	**0.3%**	0.8%
Housing Starts (000s)											
SAAR May 2009 NEW!	**128.4**	2.7	0.8	3.0	4.0	42.2	43.8	3.3	4.9	**12.4**	11.2
Retail Sales											
Percent Change[d]	**-4.9%**	3.8%	-1.1%	-4.7%	0.2%	0.7%	-2.7%	-4.5%	-3.3%	**-13.8%**	-12.3%
2009 YTD Retail Sales Growth	**-6.0%**	-0.8%	-2.8%	-4.8%	-2.2%	-3.0%	-5.0%	-4.5%	-2.9%	**-11.3%**	-10.6%
Manufacturing Shipments											
Percent Change[d]	**-14.5%**	-27.1%	9.1%	-12.9%	-25.8%	-15.4%	-14.5%	2.7%	-4.4%	**-13.8%**	-17.1%

a. Over the past 12 months
b. May 2009 Y/Y change, unadjusted for seasonal effects
c. Updated to January 2009
d. March 2009 Y/Y change, unadjusted for seasonal effects
SA-Seasonally Adjusted
Source: Statistics Canada, Canada Mortgage and Housing Corporation and Conference Board of Canada